

# **Insurance Commissioner Stewart Accepts “Challenge Medal” Bestowed by U.S. Dept. of Homeland Security**

Dover, DE-Insurance Commissioner Karen Weldin Stewart was recently recognized at the annual conference of the Society of Financial Examiners (SOFE), held this year in Philadelphia, for her Department’s assistance with a major insurance fraud investigation that has led to extensive federal charges. Commissioner Stewart was presented with the Challenge Medal, an award bestowed by the Department of Homeland Security in special recognition of the work her forensic information technology team, INS Services, did in uncovering an elaborate web of bogus web sites, misleading internet addresses and diverted email accounts that were used to confirm assets thought to be held by insurance entities.

In fact, the “confirmed” financial accounts were non-existent. The web of deceit was not discovered by other state regulators, certified public accountants and rating agencies for several years before being exposed by Stewart’s examination and receivership teams. At the SOFE presentation, Commissioner Stewart received thanks in front of insurance financial examiners from across the United States for her leadership and resolute determination to expose insurance fraud.

Commissioner Stewart’s examination and forensic teams are in the process of recovering assets for payment to claimants and policyholders of the former Indemnity Insurance Corporation RRG, a company that insured restaurants, bars and night clubs. The Department’s discovery of the elaborate frauds has also led to a myriad of federal charges pending in Maryland against

Jeffrey Cohen, Indemnity's founder.

At the presentation, Commissioner Stewart gave praise to the diligence of Delaware's examiners and analysts. ***"Insurance Companies choose Delaware as their preferred home for many reasons"*** said Stewart. ***"We strive to be the most professional and advanced regulatory environment, and companies that want to put forth new products and properly serve insurance customers are happy to be in Delaware. But we certainly are not easy to fool, and we will be relentless in uncovering fraud."*** Stewart thanked her receivership team and all the examiners who work for Delaware for their talent, diligence and tenacity in performing financial examinations. ***"This is due to your great work,"*** Stewart told her team.

Commissioner Stewart has a special expertise in the rehabilitation and liquidation of troubled insurance companies. Prior to becoming Delaware's insurance commissioner, Stewart worked as a receiver for several states in need of insolvency assistance and was a founder of the International Association of Insurance Receivers. She holds the designation "Certified Insurance Receiver – Multi Lines" (CIR-ML).

This is the second such company in the past few years where Stewart's team has discovered fraud hidden by a complex scheme of interlocking companies and financial institutions. Commissioner Stewart's Receivership team seized Security Pacific Insurance Company in 2012 after discovering that the company's assets had been syphoned away. Detection was hidden from its auditors. Security Pacific had relocated to Delaware in 2007 with the certification of auditors that its assets were secure. Delaware's insolvency department has a tradition and well-earned national reputation for working in cooperation with several branches of federal law enforcement to punish wide-ranging national and international fraud.



Karen Weldin  
Stewart and Team  
Receives Medal from  
Dept of Homeland  
Security

Commissioner Karen Weldin Stewart, CIR-ML, at right, is pictured with Jerry Link, middle, and Terry Ryals, left, receiving the medal from the Department of Homeland Security.

Link and Ryals were part of the IT forensic team that uncovered the fraud.